



**Part 2A of Form ADV: *Firm Brochure***

**CARRERA CAPITAL ADVISORS, LLC**

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This Brochure provides information about the qualifications and business practices of Carrera Capital Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at (248) 244-6051 or [mkulaga@carrera-advisors.com](mailto:mkulaga@carrera-advisors.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Carrera Capital Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration does not imply any level of skill or training.

## **Item 2: Material Changes**

This Brochure, dated March 16, 2026, was prepared in accordance with SEC requirements, and contains no material changes since the Firm's last filing.

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## **Item 4: Advisory Business**

### ***Description of the Firm***

Carrera became a standalone investment adviser in 2024 and is owned by three investment professionals who operated an investment advisor business unit within the Private Client Group of a large, national investment advisory firm. Carrera provides financial planning, portfolio management and general consulting services to its clients.

Keith J. Nichol and Jacob A. Raska are Carrera's principal owners. For more information about Keith Nichol or Jacob Raska, please contact us to receive a copy of Carrera's Form ADV Part 2B Brochure supplement.

### ***Description of Services Offered***

The following paragraphs describe the services offered by Carrera. Please refer to the following paragraphs for more detail about the specific service, and how we tailor our services to your individual needs. As used in this Brochure, the words "our" and "us" also refer to Carrera. The words "you," "your" or "client" refer to our clients and prospective clients. Other terms may be defined later in this Brochure as well.

### ***Investment Advisory Services***

Carrera offers continuous and ongoing investment advice and portfolio management services. Investment planning is designed to provide a retirement roadmap of income and expenses over the client's life. Our advice and services are tailored to meet our client's individual needs, life circumstances and investment goals. We have discussions with the client to determine the client's investment objectives, risk tolerance, time horizons and liquidity needs. Generally, we use the information we gather to prepare an individualized investment policy statement ("Investor Profile Questionnaire") ("IPQ") for the client.

Clients may impose reasonable restrictions and guidelines on investing in certain securities, types of securities or industry sectors. We expect all such restrictions to be timely communicated to us. Client restrictions and guidelines may negatively affect investment performance.

Clients must inform us of any changes to their financial circumstances, investment objectives or risk tolerance, or of any modifications or restrictions that are imposed on the management of the client's account. In this manner, Carrera can better serve our clients' needs.

Account management and supervision is guided by the client's IPQ and market conditions. We manage clients' investment accounts on a discretionary and non-discretionary basis. Once we construct an IPQ for a client, we will monitor the portfolio's performance on an ongoing and continuous basis, unless otherwise agreed, and will make adjustments and reallocations as necessary due to changes in market conditions and the client's circumstances, as communicated to us.

For our discretionary asset management services, Carrera will receive a limited power of attorney to effect securities transactions on behalf of a client. The client may limit our discretionary authority by providing us with a written communication that details restrictions and other guidelines. Unless otherwise agreed to by the client and Carrera, if we manage a client's account on a non-discretionary basis, we will have the ongoing responsibility to make investment recommendations based on the client's individualized investment strategy or we will develop and implement an asset allocation strategy, which we will continuously monitor and supervise.

We would first obtain a client's approval before executing transactions in a non-discretionary account. Requests for approval will be communicated via electronic mail to an authorized account or via a telephone call to an authorized phone number. The client will be responsible for responding in a timely manner. We explore different types of investment options and strategies in the design of a client's customized IPQ. Our investment recommendations are not limited by any specific product or service offered by a broker-dealer or custodian. These recommendations will generally include, but not necessarily be limited to, security types from the following list:

- Individual stocks and bonds;
- American Depository Receipts or similar instruments (ADRs, ADSs);
- Exchange traded products (ETFs, ETNs);
- Mutual funds (including closed-end funds);
- Money market funds and other cash instruments;
- Listed options on stocks and exchange traded products;
- Stocks trading on the Pink Sheets or over-the-counter;
- Commodity funds or trusts or exchange traded products that seek to track the return of commodity investments;
- Futures;
- Cryptocurrency; and
- Private investment vehicles (LP interests in hedge, private equity, private credit, and venture capital funds).

Each type of security has its own unique set of risks associated with it, and it would not be possible to list all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Because some types of investments involve certain additional degrees of risk, they will only be recommended and implemented when consistent with the client's IPQ.

### ***Financial Planning Services***

Carrera also provides financial planning services. Such services include a comprehensive evaluation of a client's financial situation by using currently known facts and variables. We create a financial plan for the client, which is designed to assist the client to achieve financial goals and objectives. We may also prepare reports at the client's request.

A financial plan may address one or more of the following areas:

- Financial Position: Understanding of a client's current financial situation. Sources of evaluation include income, expenses, assets, liabilities, etc.
- Investment Planning: Determining the most suitable way to structure investments to meet financial goals, and determine the appropriate account type (e.g., joint tenants, IRA, Roth IRA, etc.).
- Income Tax Planning: Evaluating the current tax situation to help minimize a client's taxes and find more profitable ways to use the extra income generated. Carrera also may prepare income tax returns for clients for a separate fee.

- Retirement Planning: Assessing retirement needs to help a client determine how much to accumulate, as well as distribution strategies designed to create a source of income during retirement years.
- Credit Planning: Evaluating a client's credit needs.
- Insurance Planning and Risk Management: Evaluating the client's insurance needs and reviewing insurance policies and the like.
- Estate Planning: Reviewing the client's cash needs at death, income needs of surviving dependents and estate planning goals. Carrera is able to refer clients to a third-party service provider for assistance with completing or updating their estate planning documents such as a will, trust, financial power of attorney, and medical/healthcare power of attorney. Carrera offers this service through a third-party provider. The provider only prepares documentation but does not provide legal advice and is not the client's attorney. Carrera also does not provide legal advice to the client, and the client should consult with his/her attorney for estate planning legal advice.
- Education Planning: Reviewing the educational needs for the client and his/her family, along with planning for educational expenses.

We gather information through interviews and review of documents provided by the client, including questionnaires. Information gathered includes the client's current financial status, future goals, investment objectives, risk tolerance and family circumstances.

Typical financial planning services include one or more of each of the aforementioned service components. A financial plan may require the services of a specialist such as an insurance specialist, attorney, or tax accountant. We may recommend third-party service providers, but the client is under no obligation to use any service provider recommended by us. Likewise, the client is under no obligation to act on our financial planning recommendations. Carrera does not receive referral or other fees from third-party service providers.

Financial plans are based on the client's financial situation at the time we present the financial plan to the client, and on the information provided to us. The client must promptly notify us if his/her financial situation, goals, objectives or needs change. Certain assumptions may be made with respect to interest rates, inflation rates, and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. We cannot offer any guarantees or promises that a client's financial goals will be met.

### ***Written Acknowledgement of Fiduciary Status***

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are "fiduciaries" within the meaning of Title 1 of the Employee Retirement Income Act (ERISA) and the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- meet a professional standard of care when making investment recommendations (give prudent advice);
- never put our financial interests ahead of yours when making recommendations (give loyal advice);
- avoid misleading statements about conflicts of interest, fees, and investments;
- follow policies and procedures designed to ensure that we give advice that is in your best

- interest;
- charge no more than a level fee that is reasonable for our services; and
- give you basic information about conflicts of interest.

### ***Flourish Cash***

Flourish Cash is an online cash management solution that seeks to provide Clients with competitive annual percentage yield (“APY”) and elevated FDIC coverage for their deposits placed at program banks. Flourish Cash is offered by Flourish Financial LLC, a registered broker-dealer and FINRA member. Carrera is not affiliated with Flourish or any of the program’s banks. Carrera is not acting as an investment advisor representative or in a discretionary manner when inviting Clients to use Flourish and will only do so with Client consent.

### ***Held-Away Assets***

We can use a third-party platform to facilitate management of held-away assets such as, but not limited to, defined contribution plan participant accounts with discretion. The third-party platform allows Carrera to review and manage the current account allocations without having custody of these held-away client accounts or access to client log-in credentials. Carrera is not affiliated any such third-party platform provider in any way and receives no compensation from it for using a related platform.

If a client requests us to manage their held-away assets, a link will be provided to connect an account to the third-party platform. Once said account is connected to the platform, we will review the current account allocations from within the third-party platform. When deemed necessary, based on our review from time-to-time (but at least annually), we will rebalance the account considering the client’s investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. (Due to the operational lag associated with these third-party platforms, trades implemented via these methods will likely be 2-3 days behind those that Carrera is able to directly execute for its other clients.)

### ***Wrap-Fee Programs***

Carrera does not participate in wrap-fee programs.

### ***Non-Advisory Assets***

Carrera sometimes provides opportunities to purchase, place, or keep certain assets (including but not limited to cryptocurrency assets) in a non-advisory account as an accommodation to its clients. Non-advisory accounts are operated by third parties, and Carrera provides no investment advisory services or monitoring of such accounts or their assets. Although clients sometimes access non-advisory accounts through Carrera, they will be held away, and Carrera will not have custody or control of these accounts. These assets will not be included in the calculation of clients’ assets under management, and Carrera will not charge its advisory fee on these accounts. Any fees or costs associated with maintaining these non-advisory accounts will be owed to the third-party services that offer these accounts and will be governed by the terms and conditions of third parties. Carrera has no role in negotiating or formulating the provisions of such third-party terms and conditions and does not receive any remuneration from these third parties. The success of investments conducted through third parties may vary.

### ***Assets Under Management***

As of February 28, 2026, Carrera manages \$1,041,562,866 on a discretionary basis, and does not manage any assets on a non-discretionary basis.

## **Item 5: Fees and Compensation**

### ***Investment Advisory Services***

#### **Clients other than Retirement Plans**

##### ***Non-529-plan accounts***

Carrera's fee for our investment advisory/portfolio management services will be charged as a percentage of assets under management with us (with the exception of fees related to fixed annuities, as described below), according to the following schedule.

<b><i>Assets Under Management</i></b>	<b><i>Annual Fee Rate Range</i></b>
\$0 to \$500,000	1.40%
\$500,001 to \$1,000,000	0.90%
\$1,000,001 to \$3,000,000	0.80%
\$3,000,001 to \$5,000,000	0.70%
\$5,000,001 to \$10,000,000	0.50%
\$10,000,001 to \$20,000,000	0.40%
\$20,000,001 to \$50,000,000	0.20%
More than \$50,000,000	Negotiable

For example, a client with \$1,000,000 in assets under management would pay 1.15% (\$500,000 at 1.4% and \$500,000 at 0.9%).

Although Carrera has established the above fee schedule, we sometimes negotiate other fee schedules depending on the size of the account, type of account, the level of client service required and other factors we consider relevant.

While we do not monitor certain client-directed securities purchases, we do consider such securities part of the client's overall asset allocation, tax strategy, risk and financial planning goals, and such assets are included under our investment management fee.

Investment management fees related to fixed annuities are not included in the fee schedule above, and such assets accordingly are not included in *Assets Under Management* there. Instead, these assets are charged an Advisory Fee based on their cumulative assets under management at a fixed annual rate of 0.25% -1.4%.

##### ***529-plan accounts***

529-plan (qualified tuition plan) accounts will be charged an Advisory Fee based on their cumulative assets under management at a fixed annual rate of 0.25-1.0%. (Carrera's discretion in managing 529-plan accounts will be limited to selecting among investment options and channels offered by the respective plan(s) and providing certain administrative duties regarding the account(s), resulting in a lower fee versus accounts where Carrera exercises broader discretion.)

Fees normally will be charged quarterly in advance based on the average daily market value of the client's account(s), as determined by the custodian, during the last quarter; however, for new accounts, Carrera does bill clients in arrears for a partial initial quarter, pro-rated on a daily basis, based on the account-funding date and average daily market value.

Unless other arrangements are negotiated, fees are directly debited from a client's account(s), and each client is required to provide the qualified custodian of the client's account(s) written

authorization to deduct the fees described. The custodian sends the client a statement, at least quarterly, indicating the amount of our fees and all amounts disbursed from the account to Carrera for our fees. The client is responsible for verifying the accuracy of the fee calculation, as the custodian will not verify the calculation. Payment of fees may result in the liquidation of client's securities if there is insufficient cash in the client's account(s).

Clients will not receive from Carrera an account statement or a fee invoice. Only the custodians' account statement will be sent to clients; or where assets are not held by the custodian, Carrera's third-party service provider, Advyzon, will notify client of the fee for those assets. Asset-based fees are always subject to the management agreement between the client and Carrera, and we generally retain the right to amend our fee schedule with 30 days prior written notice to the client.

### ***Plan Clients***

For clients that are retirement plans, fees are negotiated on a case-by-case basis and are based upon either (1) a fixed-fee annual rate or (2) assets under management at a rate of 0.1-0.6%. Fees are billed on either a monthly or quarterly basis and may be in advance or arrears.

Carrera does not require a minimum account size of its clients. At our discretion, we sometimes group certain related client accounts for the purposes of determining the annualized fee.

Cash and assets which are invested in shares of mutual funds, exchange-traded funds, annuities we manage, individual securities, collective trusts, unit investment trusts and/or closed-end funds shall be included in the calculation of the value of the client's assets under management with us for purposes of computing our fee.

A client's margin balance is typically included when calculating assets under management with Carrera. This will be in addition to any margin interest being paid by the client.

For partial quarters, fees are pro-rated on a daily basis. In the event the client terminates our services, Carrera will refund or credit to the client's account, as applicable, all unearned fees within 45 days of the assets ceasing to be under Carrera's management.

### ***Financial Planning Services***

Carrera sometimes charges a fee for financial planning services. For clients who retain Carrera for its investment advisory services, sometimes there is a separate fee for Carrera's financial planning services. Some clients retain Carrera for only financial planning, and for those persons our financial planning fees are based on the nature of the services being provided, who is providing the services and the complexity of the client's circumstances.

Financial planning fees are generally calculated and charged on a flat-fee basis typically ranging from a minimum of \$1,000 to \$25,000 per engagement but may exceed this range depending upon the complexity, with 25% due in advance, and the remaining 75% upon completion of services. If you terminate our financial planning services after we have begun the work but before completion, we will charge you a termination fee equal to one-half of the agreed upon planning fee, and Carrera will refund or credit to your account, as applicable, any unearned fees within 45 days of the termination. Financial planning fees and the termination fee are negotiable. Carrera reduces or waives the financial planning fees and/or termination fee in certain circumstances.

We provide you with an exact fee quote before you authorize us to begin our work. The specific financial planning fee being charged to the client will be set forth and identified in an agreement

between Carrera and that client. Carrera, with the consent of client, will cause financial planning fees to be withdrawn from client's bank account.

Although the length of time it will take to provide a financial plan depends on each client's personal situation, we will provide a timing estimate at the start of the planning relationship. For those who will be charged for financial planning, we will invoice the client for the financial planning services, and the fees will generally be due and payable upon delivery of the completed financial plan to the client.

Carrera will recommend an update to a financial plan as appropriate, when needed and when objectives or financial situation change. In that situation, the fee will be dependent on the nature of the update. Again, this fee will be set forth and identified in an agreement between us and the client.

In some circumstances, the financial plan may require the services of a specialist such as an insurance specialist, attorney, or tax accountant. (Carrera does not provide any legal, or accounting advice.) Carrera sometimes recommends third-party service providers, but the client is under no obligation to use any service provider recommended by Carrera. Fees for specialists will be negotiated between the client and specialist directly.

In connection with estate planning services described in Item 4, when a third-party provider is used by a client to provide estate planning documents, fees for those specialists will be negotiated between the client and specialist directly.

### ***Flourish Cash***

Carrera receives an annual service fee of 0.10% of the value of the Client's Flourish Cash account if a Client participates in the cash management program from Flourish. This fee is deducted from the Client's overall APY. This fee is not negotiable. The Flourish Cash account fee is separate and distinct from Carrera's portfolio management fee.

### ***General Information***

All fees paid to Carrera are separate and distinct from fees and expenses charged by any mutual fund, exchange-traded funds, closed-end funds, and insurance companies. Fund fees are described in the respective fund's prospectus, and will generally include management fees, various expenses, and a possible distribution fee. Fixed annuity fees and expenses will be described in their disclosure documents, and can generally include M&E expense, administrative fee, rider expense, death-benefit expense, and underlying fund management expense. The client should review all fees being charged on its investments and those charged by Carrera to fully understand the total amount of fees to be paid by the client and to evaluate the advisory services being provided.

In addition, the client is also responsible for paying the fees and expenses charged by an independent, qualified custodian(s). Clients will incur certain charges imposed by custodians, brokers, and other third parties--such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions Please refer to Item 12 (*Brokerage Practices*) in this Brochure for additional information.

Clients should be aware that similar advisory services may or may not be available from other investment advisors for similar or lower fees.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

Carrera does not charge performance-based fees or participate in side-by-side management.

## **Item 7: Types of Clients**

Carrera offers its services to individuals, high net worth individuals, corporations and other business entities, pension and profit-sharing plans, endowments, foundations, charitable organizations, investment advisors, estates and trusts.

## **Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss**

Carrera utilizes one or more of the following methods of analyses or investment strategies when providing investment advice to clients, subject to the clients' investment objectives, risk tolerance, time horizons and stated guidelines.

### ***Methods of Analysis***

**Carrera Takes a Multifaceted Approach to Analyzing Investments, Utilizing Subjective and Objective Approaches to Investing:** Carrera utilizes a blend of macroeconomic, fundamental, and behavioral analysis to select investments. This multi-faceted approach seeks a comprehensive evaluation of investment opportunities by considering economic headwinds and tailwinds, company-specific financial health, investor behavior, positioning, sentiment, and market trends.

1. Using proprietary quantitative tools, Carrera attempts to define the current macroeconomic environment, and select those investments that have performed best during past periods identified as being most similar to the current environment.
2. If those candidate investments identified in “1” above include individual debt or equity securities, Carrera conducts a relative value, earnings quality, and risk assessment among each investment candidate to determine which ones present the best risk-adjusted return prospects.
3. Among those candidates still identified as attractive in “1” or “2” (if an individual equity or debt security) above, additional methods are employed:
  - a. Pattern recognition—essentially, studying the price, time, and volume history of the security in the form of a chart.
  - b. Assessing the news flow, sentiment indicators, and investor positioning by analyzing put to call ratios on individual securities, volume in relation to upward versus downward movements in price, and relative performance trends.
  - c. Understanding overall market trends and index composition and concentration.

**Asset Allocation and Selection:** Carrera focuses on constructing portfolios that align with client objectives while managing risk through diversification across asset classes, sectors, and geographies.

Carrera attempts to identify an appropriate ratio of equity, fixed income, commodity, alternative investments--including Real Estate and other funds--and cash suitable to the client's investment goals and risk tolerance. We seek to create a portfolio using concepts from Modern Portfolio Theory (MPT) along with the latest advances in portfolio construction, including by using methods drawn from machine learning/ artificial intelligence to maximize potential return relative to portfolio risk.

Security types we utilize will generally include, but not necessarily be limited to, the following:

- Individual stocks and bonds;
- American Depository Receipts or similar instruments (ADRs, ADSs);
- Exchange traded products (ETFs, ETNs);
- Mutual funds (including closed-end funds);
- Money market funds and other cash instruments;
- Listed options on stocks and exchange traded products;
- Stocks trading on the Pink Sheets or over-the-counter;
- Commodity funds or trusts or exchange traded products that seek to track the return of commodity investments;
- Futures;
- Cryptocurrency; and
- Private investment vehicles (LP interests in hedge, private equity, and venture capital funds).

In addition, in risk-managed accounts or custom accounts, we sometimes utilize (1) short sales, and (2) inverse, leveraged or leveraged inverse ETFs or ETNs.

### ***Investment Strategies***

Client accounts will be segmented into the following four broad products or groups, each of which will either be tax qualified or tax optimized:

- Guardian (Product 1)
  - Clients seeking the maximum risk-adjusted return for their asset allocation
  - Focus is on minimizing drawdown--the expected peak-to-trough decline--relative to the client's asset allocation
  - Moderately sized opportunistic, high conviction sleeve, likely used for opportunistic and risk management purposes
  - Style drift within asset allocation can be substantial, for example:
    - ✓ Large cap could be all "value" stocks
    - ✓ Fixed income could be short or ultra long duration
    - ✓ Could utilize a single or any number of commodity investments
  - Three risk profiles, in decreasing order of risk:
    - ✓ Aggressive
    - ✓ Balanced
    - ✓ Conservative
  - Rebalancing will not be conducted on a fixed timetable, but typically avoid exceeding 20% drift tolerance limits, including drift that comes from the 15-20% opportunistic sleeve, subject to tax considerations.
- Enhanced Growth (Product 2)
  - Clients have a low level of risk aversion to overall portfolio volatility, but a high aversion to benchmark tracking error.
  - Clients want some active management but wish to mostly track common investment benchmarks.
  - Clients where an allocation to equities is at least 50%

- Small active management component representing an opportunistic, high conviction sleeve with any combination of securities/asset classes, subject to asset class constraints.
  - For the remaining portfolio, target minimal style drift (Core Benchmark Index, instead of Value, Growth), for example:
    - ✓ Track S&P 500 with either a subset of stocks drawn from the S&P 500 (< 50) or with an ETF
    - ✓ Track Barclays Aggregate Bond Index with individual bonds or ETF
    - ✓ Track Goldman Sachs Commodity Index with individual commodity funds or ETF
  - Two risk profiles, in decreasing order of risk:
    - ✓ Aggressive
    - ✓ Balanced
  - Rebalancing will not be conducted on a fixed timetable, but typically avoids exceeding 20% drift tolerance limits, including drift that comes from the small opportunistic sleeve subject to tax considerations.
- Custom Managed (Product 3)
    - This product would likely be suitable for UHNW, Institutional, other RIAs, or Family Office clients.
    - Examples include: 100% bond or cash management or enhanced cash management portfolios
    - Clients with specific restrictions (e.g., E.S.G., employer conflicts, religious investing restrictions)
    - Other examples include: concentrated or “best ideas” strategies, micro or small cap focused strategies, options-oriented strategies including tail-risk hedged strategies, highly tactical strategies that necessitate higher trading frequencies, long-short or market neutral strategies, short-focused strategies, commodity-oriented strategies, alternatives-focused strategies, speculative or thematic strategies (e.g. biotech, green energy, etc.), or any combination thereof
  - Pure Passive (Product 4)
    - Clients seek to passively track broad-based market indexes.
    - Clients will likely still want Carrera’s financial planning expertise.
    - Select Equity, Bond, and Commodity ETFs with the most competitive expense ratios in their asset class, subject to fulfilling passive benchmark index replication.
    - Example benchmarks: S&P 500, Barclays Aggregate Bond Index, Goldman Sachs Commodity Index
    - Typically rebalance at least annually or if asset class drift exceeds a documented threshold tolerance – for example, if the allocation to equities is 65%, and the threshold tolerance is 20%, the drift tolerance would be 52%-78%
    - A decision to rebalance will always be made in light of the potential tax consequences relative to potential opportunity costs discussed in detail below.
    - Three risk profiles, in decreasing order of risk:
      - ✓ Aggressive
      - ✓ Balanced
      - ✓ Conservative

The opportunistic sleeve may include an allocation to a third-party manager (sub-advisor), including to private equity, venture capital, hedge funds, or separately managed accounts.

Tax Optimization: Mentioned above, tax optimization will be applied to those accounts where there exists a potential state or federal tax liability from income or capital gains.

- Trading and rebalancing needs will always be weighed against tax consequences, and this might necessitate a lower frequency trading and rebalancing schedule
- The Investment Team must always calculate an expected opportunity cost for tax loss harvesting opportunities, for example:
  - What is the opportunity cost of realizing a loss when selling Company A to buy Company B?
  - Does the expected gain from buying Company B plus the tax loss harvesting opportunity arising from selling Company A exceed the expected return of continuing to hold Company A?
- For income-oriented investments, tax-exempt investments must be evaluated on an apples-to-apples basis with taxable investments, for example:
  - If the tax adjusted yield of a taxable bond investment is greater than that of the tax adjusted yield of a qualified bond investment (e.g., a municipal bond)--even though the municipal bond affords tax benefits--an investment should still be made in the taxable bond, assuming the client is in a sufficiently high income and/or capital gains tax bracket.

Cash Management: Except when otherwise directed by the client or during extreme market volatility, cash is expected to be invested. We may designate a small buffer of around 2% of a client's portfolio value to absorb frictional cash resulting from trading and rebalancing. It is Carrera's responsibility to ensure that any frictional cash is earning competitive money market rates. Cash balances are typically invested daily in interest-bearing money market accounts.

## **Risks**

- Risks pertaining to the "Methods of Analysis" section listed above include the following:

Economic risk. There is no guarantee that we will arrive at the proper classification of the current macroeconomic environment. The identification process is statistical, and no two environments are exactly alike. Moreover, even if the current macroeconomic environment is identified properly, there is no guarantee that it will behave as it did in the past.

Valuation risk. There is no guarantee that the determination of relative value or fair value for any security is arrived at correctly. Moreover, even if Carrera is able to determine accurately that an investment presents a compelling valuation, other market participants may disagree with or ignore this fact, causing a persistent gap between price and fair value or fair relative value for an investment.

Pattern recognition risk. There is no guarantee that previous patterns, whether economic, fundamental, or technical will repeat themselves.

- Risks to pertaining to the "Asset Allocation and Selection" section listed above include the following:

### ***Asset Allocation Risk***

Assets are allocated towards those asset classes with the highest risk-adjusted return, subject to the tolerance bands listed in the “Investment Strategies” section above. Certain asset classes may not perform as expected, and we may be required to continue allocating to those asset classes per the client’s financial plan or IPQ. Additionally, even if we are correct that it is worth increasing or decreasing or otherwise amending a client’s financial plan or IPQ, we may not be able to meet with the client and amend any documents before an asset class begins to perform poorly.

Asset allocation is integral to the portfolio construction process that seeks to provide each client with the highest risk-adjusted return, subject to their risk tolerance. Our method of portfolio construction relies on the historical correlations and volatility estimates of each asset class alone, and as part of a total portfolio. There is no guarantee that prior estimates of asset-asset correlations or volatilities will persist into the future. This can cause an unintended over (under) allocation of client capital to a particular asset class.

### ***Security Selection Risk***

Security-Market-correlated risk: All specific equity, debt, commodity, or alternative investments bear some correlation to larger market benchmarks, possibly even to those outside the given security’s asset class. This is sometimes referred to as “beta.” Our estimate of a security’s beta may not prove to be reliable.

Company risk: There is always a certain level of company or industry specific risk that is inherent in each investment. Although this risk can be reduced through appropriate diversification, it cannot be eliminated. There is the risk that the issuer will perform poorly or have its value reduced based on factors specific to the issuer or its industry. If the issuer experiences credit issues or defaults on debt, the value of the issuer may be reduced.

Exchange traded fund and mutual fund risk: The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will incur additional costs associated with ETFs and mutual funds (see Item 5).

ETF shares are listed for trading on NYSE Arca and can be bought and sold on the secondary market at market prices. Although it is expected that the market price of an ETF Share typically will approximate its net asset value (NAV), there may be times when the market price and the NAV vary significantly. Thus, the client may pay more or less than NAV when the ETF shares are purchased on the secondary market, and the client may receive more or less than NAV when you sell those shares.

Although ETF shares are listed for trading on NYSE Arca, it is possible that an active trading market may not be maintained and ETF shares on NYSE Arca may be halted by the activation of individual or market-wide “circuit breakers” (which halt trading for a specific period of time when the price of a particular security or overall market prices decline by a specified percentage). This may result in Carrera being unable to purchase or sell securities at a relatively favorable time or price.

Trading of ETF shares may also be halted if the shares are delisted from NYSE Arca without first being listed on another exchange or exchange officials determine that such action is appropriate in the interest of a fair and orderly market or to protect investors. This may also result in Carrera being unable to purchase or sell securities at a relatively favorable time or price.

Management risk: Investments managed by us vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities.

Foreign investments risks: Non-U.S. investments including ADRs and ADSs, currency and commodity investments may contain additional risks associated with government, economic, political or currency volatility.

Emerging markets risks: Emerging markets can experience high volatility and risk in the short term.

Liquidity risks: Generally, assets are more liquid if many investors are interested in a standardized product, making the product relatively easy to convert into cash. Specialized investments may have reduced liquidity.

Bond risks: Investments in bonds involve interest rate and credit risks. Bond values change according to changes in interest rates, inflation, credit climate and issue credit quality. Interest rate increases will reduce the value of a bond. Longer term bonds are more susceptible to interest rate variations than shorter term, lower yield bonds.

Sector risks: Investing in a particular sector is subject to cyclical market conditions and changes.

Options or warrants risks: We may use or invest in other funds that use call and put options on any listed or unlisted underlying security. Options have expiration dates and may expire worthless.

We or funds that we invest in may use options for hedging purposes. Due to the number of statistical estimates required to calculate the number of options to purchase, we may over (under) hedge the portfolio, exposing the client to potential loss.

There can be no guarantee that our approach to purchasing options will function as intended. Moreover, it may be costly to continue engaging in the purchase of put or call options that regularly expire worthless.

We may also sell "covered calls" or "covered puts" on securities that we are long or short, respectively. This is also known as "option writing". If the security exceeds the exercise price when the call option expires, we will forfeit the price appreciation between the security price at expiration and the exercise price. Likewise, if the security is below the exercise price when the put option expires, we will forfeit the price depreciation between the security price and the exercise price.

Option writing is not a fundamental part of Carrera's overall investment strategy, but we may use this strategy occasionally when given authority and we determine that it is suitable given a client's stated investment objectives and tolerance for risk.

Short selling risks: For certain "custom-managed" clients--product 4 listed above--we will likely engage in short sales. This requires us to borrow and sell securities we do not own in anticipation that the price falls. We may be forced to return these securities by purchasing them at a higher price than they were sold, exposing the client to the risk of unlimited loss.

Short selling securities entails borrowing securities, and so there is a rate that prevails for each security called the “borrow rate”. This rate is a cost to the client, and there is no guarantee that we will receive a favorable rate.

Margin risk: For certain “custom-managed” clients--product 4 listed above--we may purchase securities with borrowed funds. This borrowing rate is a cost to the client, and there is no guarantee that we will receive a favorable rate.

Private placement risk: For certain “custom-managed” clients--product 4 listed above--we may purchase interests for the client in hedge funds, private equity, venture capital, or other alternative investment funds. Since we must pay a management fee to the third-party manager, it may prove costly to the client to engage their services. Fees may be paid both for managing the assets and for meeting certain returns targets.

When investing in a private placement, we are beholden to the performance of another manager. We cannot guarantee anything about the manager’s future performance or ability to manage investments according to their mandate.

Investing in a private placement may involve a “lockup”. This sets the minimum time required to hold one’s investment with a manager. If client needs change, the client may be unable to recoup their investment in a timely manner.

Subadvisor, third-party separately managed account, or third-party manager risk: We may recommend that an outside manager oversee a particular investment strategy for our clients. This would be in cases where another manager has particular expertise, and we believe that the client is best served by another manager overseeing the allocation to a specific strategy where that manager is more proficient.

When engaging a third-party manager, we are beholden to the performance of said manager. We cannot guarantee anything about the manager’s future performance or ability to manage investments according to their mandate.

Commodity risk: We sometimes purchase commodity funds or interests in specific commodities. Commodities can be especially volatile, do not pay dividends, and may be affected by weather and environmental factors, causing losses.

Cryptocurrency risk: We may purchase interests in funds or specific vehicles that track the performance of a cryptocurrency. These investments are especially volatile and relatively new as an investible asset class. There is a high risk of loss in these investments. Furthermore, such assets may not be eligible for protection by the Securities Investor Protection Corporation (SIPC).

Futures risk: We may purchase interests in vehicles called “Futures” whose value depends on the value of an underlying index, currency or commodity and represents a leveraged interest in the underlying instrument. This leverage creates high potential risk of loss to the client.

Leveraged and inverse ETF risk. We sometimes purchase exchange traded funds that track anywhere from -3x to 3x the daily movement of an index. These investments are particularly volatile and are not expected to track any particular multiple of an underlying index’s performance over time periods exceeding 1 day. Most leveraged and Inverse funds “reset” daily, meaning that they are designed to achieve their stated objectives on a daily basis. Due to the effect of compounding, the return for investors who invest for a period different than one trading day may vary

significantly from the fund's stated goal as well as the target benchmark's performance. This is especially true in very volatile markets or if a leveraged fund is tracking a very volatile underlying index.

Trading frequency risks. Clients in the three non-passive, non-index based strategies will have their portfolios rebalanced more often. This can cause additional tax consequences. It may also expose the client to increased transaction costs either through bid-ask spreads or brokerage transaction fees. It is expected that most securities will be "transaction-fee free."

Because of the inherent risk of loss associated with investing, we are unable to represent, guarantee or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Carrera's analysis methods rely on the assumption that the investment vehicles which we recommend for our clients, the companies whose securities we purchase and sell on behalf of our clients, the rating agencies that review these securities, and other publicly or privately available sources of information about these securities, are providing accurate, timely and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate, misleading, or untimely information. This is an ongoing risk regarding all the strategies discussed.

### ***Risk of Loss***

Investing involves a risk of loss. Clients should be prepared to bear investment loss, including the loss of the original principal. Clients should never presume that future performance of any specific investment or investment strategy will be profitable. Further, there may be varying degrees of risk depending on different types of investments. Clients should know that all investments carry a certain degree of risk ranging from the variability of market values to the possibility of permanent loss of capital. Although portfolios seek principal protection, asset allocation and investment decisions may not achieve this goal in all cases. There is no guarantee a portfolio will meet a target return or an investment objective.

Risks to capital include, but may not be limited to, changes in the economy, market volatility, company results, industry sectors, accounting standards and changes in interest rates. Investments are generally subject to risks inherent in governmental actions, exchange rates, inflation, deflation, and fiscal and monetary policies. Market risks include changes in market sentiment in general and styles of investing. Diversification will not protect an investor from these risks and fluctuations.

Carrera does not engage in high-frequency trading activities or algorithmic trading strategies.

Because of the inherent risk of loss associated with investing, we are unable to represent, guarantee or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

### ***Additional Tax Considerations***

Our strategies and investments may have unique and significant tax implications. Carrera will manage portfolios with an awareness of tax implications, but long-term wealth compounding is our primary consideration. Specific goals regarding account tax efficiency should be set forth in a writing signed by both us and the client and included in the client's IPQ. Regardless of account size or other factors, Carrera strongly recommends that its clients continuously consult

with a tax professional prior to and throughout the investing of clients' assets. Each client is responsible for contacting his/her tax advisors to determine which cost basis accounting method is the right choice for the client. Clients should provide Carrera with written notice of a client's selected accounting method, and Carrera will alert the client's custodian of the individually selected accounting method. Clients should be aware that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Item 9: Disciplinary Information**

Carrera is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of us, our business or the integrity of our management or associated persons. Neither Carrera nor any of our associated persons has any reportable disciplinary events to disclose.

### **Item 10: Other Financial Industry Activities and Affiliations**

Carrera is not a registered broker-dealer, commodity firm, commodity trading advisor, or futures commission merchant, and does not have an application to register for any of the same pending.

Carrera does not recommend investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

Some Carrera investment advisor representatives hold an insurance license, and act as insurance agents regarding fixed insurance products only. These investment adviser representatives receive a commission for sales of such products: this sales incentive results in a conflict of interest. Carrera mitigates this conflict via disclosure and management review (independent of the involved investment adviser representative) of such transactions to help ensure they are in the best interests of the client.

Additionally, certain Carrera representatives that are independent contractors—working as part of the Carrera Capital Advisor Network—via OneAmerica, a FINRA-registered broker dealer, receive compensation related to the placement of certain insurance products.

#### ***Flourish Cash***

As stated above, Carrera has made available Flourish Cash, an online cash management solution that seeks to provide Clients with competitive APY and elevated FDIC coverage for their deposits placed at program banks. Carrera is not affiliated with Flourish or any of the program's banks. Carrera is not acting as an investment advisor representative or in a discretionary manner when inviting Clients to use Flourish and only do so with Client consent.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### ***Code of Ethics***

Carrera has adopted a Code of Ethics that sets forth high ethical standards of business and professional conduct which we require our employees to follow. The Code of Ethics outlines proper conduct related to all services provided to clients by Carrera and our associated persons and includes guidelines for compliance with applicable laws and regulations governing our

practice. Our goal is to protect our clients' interests at all times and demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing.

### ***Personal Securities Transactions and Interests***

Through its professional activities, Carrera and its supervised persons are exposed to conflicts of interest and the Code of Ethics contains provisions designed to mitigate certain of these conflicts by governing the personal securities transactions of certain of its employees, officers and directors. (The Code of Ethics can only attempt to mitigate conflicts of interest; the conflict still exists; and the Code of Ethics does not entirely remove a conflict of interest.) In particular, the Code of Ethics governs the conduct of certain "access persons" in circumstances where Carrera or access persons may desire to purchase or sell securities for their personal accounts that are identical to those recommended by Carrera to its clients. For these purposes, the Code of Ethics defines an "access" person as a supervised person of Carrera that (1) has access to nonpublic information regarding any clients' purchase or sale of securities, (2) has access to nonpublic information regarding the portfolio holdings of any fund the adviser or its control affiliates manage or sponsor, or (3) is involved in making securities recommendations (or has access to such recommendations) to clients that are nonpublic.

Access persons' trades must be executed in a manner consistent with the following principles.

- The interests of client accounts will at all times be placed first.
- All personal securities transactions will be conducted in such manner as to avoid any conflict of interest or any abuse of an individual's position of trust and responsibility.
- Access persons must not take inappropriate advantage of their positions.
- Preclearance of access persons' transactions in securities in a limited offering or private placement is required.

Access persons must submit quarterly reports regarding securities transactions and newly opened accounts, as well as annual reports regarding holdings and existing accounts. Carrera monitors access persons' personal trading activity at least quarterly to ensure compliance with internal control policies and procedures and our Code of Ethics—measures designed in part to help mitigate certain conflicts of interest, as described immediately below.

The Code of Ethics does not prevent or prohibit access persons from trading in securities that we may recommend or in which we may invest client assets, but rather prescribes the governing principals relative to the same (see above). As such, it is possible that (1) Carrera and its access persons could recommend to clients, or buy or sell for client accounts, securities in which one or more access persons (including Carrera) has a material financial interest, (2) Carrera and its access persons could invest in the same securities (or related securities) that we recommend to clients, or (3) Carrera and its access persons could recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that Carrera and its access persons buys or sells the same securities for their own accounts. This presents a conflict in that Carrera or its access person might seek to benefit themselves from this type of trading activity in the same securities, either by trading for personal accounts in advance of client trading activity, or otherwise. All such activity must be in strict adherence with our Code of Ethics and must fundamentally place the clients' interests first. Moreover, it is our policy that neither Carrera nor its associated persons will have priority over a client's account(s) in the purchase or sale of securities. (We may also combine orders to purchase securities for Carrera, its associated persons and/or their families with a client's order to purchase securities ("block trading"). Please refer to Item 12 for more information on block trading.)

Neither Carrera nor its associated persons have any material financial interest in client transactions beyond the provision of investment advisory services or other services as disclosed in this Brochure.

Carrera does not engage in principal trading (*i.e.*, the practice of selling stock to advisory clients from our inventory or buying stocks from advisory clients into our inventory). Nor does Carrera engage in agency cross transactions.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the e-mail or phone number listed on the cover page of this Brochure.

Carrera's policies and procedures, including its Code of Ethics, attempt to mitigate conflicts of interest, however conflicts of interest discussed here and in other Items of this Brochure still exist and are not entirely removed or eliminated.

### **Item 12: Brokerage Practices**

Typically, Carrera does not allow advisory clients to determine the broker-dealer to use. To work with us, clients will usually need to custody assets with the brokers we recommend—either National Financial Services LLC (together with all affiliates, "NFS"), and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") or Charles Schwab & Co., Inc. ("Schwab"), none of which are not affiliated with Carrera.

Not all advisors require their clients to direct brokerage. By directing brokerage, clients do not have the ability to compare trading costs and execution of client transactions. Clients may be unable to obtain the most favorable pricing and execution available, which therefore may cost the client more money. Carrera has engaged in due diligence regarding Fidelity and Schwab's execution and trading costs and believes that they provide high-quality trade execution and that Carrera's clients will pay competitive rates for such execution.

Although Fidelity and Schwab's commission rates are competitive within the securities industry, lower commissions or better execution may be able to be achieved elsewhere. Carrera has considered the benefits offered to it through its relationship with Fidelity and Schwab in making a determination to use Fidelity or Schwab as the broker-dealers of choice.

Another aspect of using limited broker-dealers is the risk of financial failure of the broker-dealer. However, brokerage firms are required to follow certain rules that are designed to minimize the chances of financial failure and, more importantly, to protect customer assets if they do fail. Various regulatory agencies enforce those rules.

In addition, Carrera engages in at least annual due diligence regarding the financial health of Fidelity and Schwab.

#### ***Best Execution***

As stated above, Carrera sometimes requires that its clients establish broker accounts with NFS, Fidelity or Schwab. Such accounts will be eligible so that if and when the need arises to effect securities transactions from those accounts at broker-dealers ("executing brokers") other than NFS, Fidelity or Schwab, NFS, Fidelity or Schwab will accept delivery or deliver the applicable security from/to the executing brokers. A broker-dealer, such as NFS, Fidelity or Schwab, may charge a "trade away" fee which is charged against the client's account(s) for each "trade away"

occurrence. Other custodians have their own policies concerning prime broker accounts and trade away fees.

If the client is receiving discretionary advisory services, Carrera, pursuant to the terms of its management agreement with clients, will have discretionary authority to determine which securities are to be bought and sold and the price of such securities to affect such transactions. Carrera recognizes that the analysis of execution quality involves a number of qualitative and quantitative factors. Carrera will follow a process striving to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include, but are not limited to, the following:

- The financial strength, reputation and stability of the broker-dealer;
- The efficiency with which the transaction is affected; the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- The availability of the broker-dealer to stand ready to effect transactions of varying degrees of difficulty in the future;
- The efficiency of error resolution, clearance and settlement;
- Block trading and positioning capabilities;
- Performance measurements;
- Online access to computerized data regarding customer accounts;
- Availability, comprehensiveness, and frequency of brokerage and research services;
- Commission rate;
- Economic benefit to the clients; and
- Related matters involved in the receipt of brokerage services.

That is, in seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Carrera will seek competitive rates, to the benefit of all clients, it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by Carrera will generally be used to service all of Carrera's clients, a brokerage commission paid by a specific client may be used to pay for services that are not used in managing that specific client's account.

To the best of Carrera's knowledge and due diligence inquiries, Fidelity and Schwab provide high-quality execution, and Carrera's clients will pay competitive rates for such execution. Based upon its own knowledge of the securities industry, Carrera believes that Fidelity and Schwab's commission rates are competitive within the securities industry: however, lower commissions or better execution may be able to be achieved elsewhere.

Please see the immediately below *Broker-Dealer Relationships and Benefits* sub-section for further discussion of Carrera's relationships with Fidelity and Schwab, including the economic benefits Fidelity and Schwab provide and associated conflicts of interest.

### ***Broker-Dealer Relationships and Benefits***

#### **Fidelity**

Carrera has an arrangement with Fidelity through which Fidelity provides Carrera with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Carrera in conducting business and in serving the best interests of its clients, but that may benefit Carrera.

Fidelity charges brokerage commissions and transaction fees for (1) effecting certain securities transactions (transactions in options and certain mutual funds, and bonds being subject to a mark-up in purchase price) (2) for other securities transactions if clients do not (i) maintain a \$1 million account balance and (ii) elect paperless account statements. Fidelity enables Carrera to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

As part of the arrangement, Fidelity also makes available to Carrera, at no additional charge, certain research, and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Carrera (within specified parameters). However, Carrera does not utilize this research as part of its standard investment process.

In the first two years of operation, Carrera will participate in a Fidelity program that is offered to select advisors and designed to support the formation, compliance, technology, investment and wealth management software, communication and/or operational activities of the business. The program pays third-party vendor invoices for eligible products or services deemed to be of benefit to clients. The program does not provide funds for Carrera compensation of staff or any direct payment, only payments to eligible vendors for services rendered.

As a result of receiving such services for no additional cost, and for which Carrera might otherwise have to pay for, Carrera may have an incentive to continue to use or expand the use of Fidelity's services. Carrera examined this potential conflict of interest when it chose to enter into the relationship with Fidelity and has determined that the relationship is in the best interests of its clients and satisfies its client obligations, including its duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where Carrera determines in good faith that the commission is reasonable in relation to the value of the brokerage and other services received. Carrera and Fidelity are not affiliates, and no broker-dealer affiliated with Carrera is involved in the relationship between Carrera and Fidelity.

### **Schwab**

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/ broker, you will decide whether to do so and will open your account with Schwab by entering into an account Agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14, *Client referrals and other compensation*. You should consider these conflicts of interest when selecting your custodian.

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, Schwab mutual funds and ETFs) do not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. In addition to commissions, Schwab charges you a flat dollar amount

as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

Products and services available to us from Schwab. Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide our clients and us with access to their institutional brokerage services (trading, custody, reporting and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we do not have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services.

Services that benefit you. Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access. Schwab's services described in this paragraph generally benefit you and your account.

Services that do not directly benefit you. Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab's own and that of third parties: however, Carrera does not utilize this research as part of its standard investment process. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services that generally benefit only us. Schwab also offers other services intended to help us manage and further develop our business enterprise. While Carrera does not utilize these services, they include:

- Educational conferences and events
- Consulting on technology and business needs
- Consulting on legal and compliance related needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support
- Recruiting and custodial search consulting

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays

all or a part of a third party's fees. If you did not maintain your account with Schwab, we would be required to pay for those services from our own resources if we utilized them.

Our interest in Schwab's services. The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's services. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our recommendation of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

### ***Trade Errors***

Where a trade error occurs in a client account due to Carrera's error, we will correct the error and ensure the client account does not suffer a loss or incur a transaction cost related to that error. Depending on the nature of the error, we will pay the cost of the error or will cause the custodian or broker-dealer to pay the cost of the error. If the error results in a profit, due to market movement, the client will keep the profit.

### ***Brokerage for Client Referrals***

Carrera does not receive client referrals from broker-dealers (e.g., Fidelity or Schwab) in exchange for cash or other compensation, such as brokerage services or research.

### ***Order Aggregation/Block Trading/Allocations***

Carrera's advice to certain clients and the action of Carrera for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his/her applicable investment objective, guidelines, risk tolerance and circumstances. Thus, any action of Carrera with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of Carrera to or on behalf of other clients. Carrera acts in accordance with our duty to seek best price and execution and will not continue any arrangements if we determine that such arrangements are no longer in the best interest of our clients.

As Carrera may be managing accounts with similar investment objectives, Carrera may aggregate orders for securities for such accounts: consistent with its fiduciary responsibilities, Carrera seeks to ensure that clients receive best execution with respect to the clients' transactions by aggregating (i.e., blocking) client trades to reduce commissions and transaction costs. In this event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Carrera in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts. Such aggregate orders may include transactions for accounts for employee benefit plans and private investment vehicles, such as limited partnerships or limited liability companies, in which Carrera, its affiliates, principals or employees are among the investors.

Carrera's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account clients' best interests. Carrera will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Carrera will block trades where possible and when advantageous to clients. We must reasonably believe that the order aggregation will benefit, and will enable us to seek best execution for, each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes, among other things, the duty to seek the best quality of execution, as well as the best net price. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price.

Carrera will block trades among clients whose accounts can be traded at a given broker-dealer. Blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, as long as transaction costs are shared equally and on a pro-rata basis between all accounts included in the block. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed, and the aggregation does not cause any unintended exposure. All clients participating in each aggregated order will generally receive the average price.

Prior to entry of an aggregated order, each client account participating is identified in the order and the proposed allocation of the order, upon completion, to those clients. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

Our client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account. Funds and securities for aggregated orders are clearly identified in our records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Carrera believes that a larger size block trade would lead to best overall price for the security being transacted.

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled." Transactions for any client account may not be aggregated for execution if the practice is prohibited by the client or Carrera's order allocation policy.

### **Item 13: Review of Accounts**

Each account receives, at a minimum, an annual review by the advisor managing that account. Accounts may be reviewed more frequently through various means, including telephone calls, in-person meetings, overall strategy reviews, and/or the review of monthly and quarterly statements. Reviews are based on objectives and parameters established by clients, which are generally memorialized through their client management agreements and Investment Policies. More frequent reviews may also be triggered by a change in the client's investment objectives or risk tolerance, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in investment or fund managers, or changes in the economy or financial markets.

Our investment team will also monitor managed and supervised accounts on an ongoing basis to ensure that the advisory services provided to clients are consistent with the clients' stated IPQ.

Depending on the nature of the engagement, financial plans may not be reviewed until after the plan is delivered. The frequency of plan review will be dependent on the agreement terms. If deemed necessary it may be reviewed quarterly, yearly or some other determinate amount of time. Those reviews will revisit the initial plan and determine if any adjustments need to be made to the objectives. Financial planning, by its nature, does require periodic review. Carrera may use software and other tools to assist in generating a financial plan. In that circumstance, Carrera will periodically evaluate the software and other tools for effectiveness and accuracy.

With respect to managed accounts, investment advisory clients receive standard account statements from the independent, qualified custodian of their accounts no less frequently than quarterly. The account statements received from the custodian and/or broker-dealer are the official records of the client's account(s). With respect to certain client accounts, Carrera may provide, or cause to be provided, other statements setting forth the client's securities.

No on-going financial planning reports are provided for financial planning clients unless a financial plan update or additional services are requested. Carrera will update a plan as needed and when objectives or financial situation change.

## **Item 14: Client Referrals and Other Compensation**

### ***Promoter Arrangements***

Carrera does not directly nor indirectly compensate third parties for client referrals.

### ***Brokerage and Custody Services***

We receive an economic benefit from Fidelity and Schwab in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at with them. You do not pay more for assets maintained at Fidelity and Schwab as a result of these arrangements. However, we benefit from the arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Fidelity and Schwab, how they benefit us, and the related conflicts of interest are described above (see Item 12, *Brokerage Practices*).

### ***Insurance***

Carrera Advisors will receive residual payments for insurance previously sold prior to Carrera becoming a standalone investment advisory firm. Some Carrera investment advisor representatives hold an insurance license, and act as insurance agents regarding fixed

insurance products only--as discussed in Item 10, along with the associated conflicts of interest and how we address them.

Carrera's policies and procedures attempt to mitigate conflicts of interest, however conflicts of interest discussed here and in other Items of this Brochure still exist and are not entirely removed or eliminated.

### **Item 15: Custody**

We sometimes directly debit advisory and other fees from client accounts. As part of this billing process, the independent, qualified custodian of the clients' account(s) is advised of the amount of the advisory or other fee to be deducted from the clients' account(s). The clients will receive account statements at least quarterly from the custodian holding the account(s). These statements will show all transactions within the account during that reporting period, including the amount of advisory or other fees debited from the clients' account(s). Because the custodian does not calculate the amount of the fees to be deducted, it is important for clients to carefully review their account statements to verify the accuracy of the fee calculation, among other things. A client should contact us directly if he/she believes there is an error or has a question regarding an account statement.

Clients will receive account statements at least quarterly from the custodian holding the account(s). These statements will show all transactions within the account during that reporting period. It is important for clients to carefully and promptly review these account statements when they receive them to ensure accuracy and that the reflected activity is authorized and appropriate

(See Item 12. (*Brokerage Practices*) for additional discussion of brokerage/custody relationships.)

### **Item 16: Investment Discretion**

When a client hires Carrera to provide discretionary investment advisory services, we have the authority to place trades, buy and sell securities on the client's behalf, determine the amount of the securities to buy and sell, and determine the nature and type of securities to buy and sell without obtaining a client's consent or approval prior to each transaction. In some cases, we will have the authority to hire and fire third-party money managers. Clients who give us discretionary authority will give Carrera a limited power of attorney and/or trading authorization forms to make the above decisions on their behalf.

In certain situations, agreed to by Carrera, Clients may limit our authority by giving us written instructions, restrictions and guidelines via email communication or other written instructions. (For example, a client may specify that the client's account should not contain investments in a specific industry.) Clients can change such instructions, restrictions and guidelines by providing us with written instructions. The most current written instructions will control. We will not accept instructions via text message or similar instant messaging methods.

If the client enters into a non-discretionary arrangement with Carrera, we will obtain the client's approval prior to the execution of any transactions in the account(s). With such an arrangement, the client has the unrestricted right to decline to implement advice provided by us on a non-discretionary basis.

### **Item 17: Voting Client Securities**

Regardless of whether we have discretion over a client's account(s), we do not provide guidance regarding voting, nor vote, corporate securities on behalf of any client. We will instruct the qualified, independent custodian to forward all voting materials to the client to review and make his or her own informed decision on how to vote. In the event we receive proxy or other solicitation materials, we will forward them directly to the client by mail or by electronic mail (if the client has authorized electronic communication).

### **Item 18: Financial Information**

Carrera does not have any financial issues that would impair its ability to provide services to clients and has not been the subject of a bankruptcy petition at any time. We have no additional financial circumstances to report.